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T H E S H E E P A N D L A M B S I T U A T I O N

Summary

Prices of lambs are expected to decline seasonally during the summer months, the Bureau of Agricultural Economics states. Because of the present relatively low level of lamb prices, however, the absolute decline may be somewhat less than average. But the percentage decline probably will be at least as great.

Marketings of new crop lambs during the summer months may be larger than in the summer of 1937. But the number of yearlings to be marketed from Texas during this period is expected to be smaller than the record marketings of a year ago.

Weather and feed conditions in the principal early lamb producing States during April and early May continued unusually favorable. The 1938 season generally has been one of the most favorable on record for the production of early spring lambs.

Prices of early spring lambs in early May were somewhat lower than those of a month earlier, and about \$2.50 per 100 pounds below those of early May last year, largely because of the weakness in consumer demand for meats and the relatively low prices of pelts.

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.- Prices paid by packers for sheep and lambs during the first 4 months of the fed-lamb marketing season (December-March) averaged \$7.85 per 100 pounds, 18 percent lower than in the corresponding period a year earlier, despite a slight decrease in the total live weight of inspected sheep and lamb slaughter. Weakness in consumer demand for meats and lower prices of pelts and wool were the factors chiefly responsible for the reduced prices of sheep and lambs. The number of sheep and lambs slaughtered under Federal inspection in December and January was smaller than that of a year earlier, but the number slaughtered in February and March was larger than a year earlier.

Lamb prices decline slightly in April

Lamb prices in April were somewhat lower than in March, apparently as a result of further weakness in consumer demand for meats. Prices of good and choice fed woolled lambs at Chicago in April averaged about \$8.25 per 100 pounds, approximately 35 cents lower than a month earlier, and nearly \$4 lower than a year earlier. Prices of good and choice spring lambs at Kansas City in early May averaged about \$8.65, approximately 60 cents lower than in early April, and about \$2.50 lower than in early May last year.

Slaughter supplies larger than year earlier

The number of sheep and lambs slaughtered under Federal inspection in April totaled 1,425,000 head, slightly smaller than a month earlier, but 7 percent larger than a year earlier, and the fourth largest slaughter for the month on record. Marketings of fed lambs were relatively large in April, while the movement of early spring lambs got under way in fairly large volume.

During the 4 weeks ended April 30, shipments of sheep and lambs from the principal feeding areas of Colorado and the Scottsbluff section of Nebraska totaled 1,957 double-deck cars, about 9 percent more than in the corresponding 4 weeks of last year. From January through April, such shipments totaled 6,594 cars, 13 percent more than in the corresponding 4 months of 1937, but slightly less than in 1936. Shipments of fed lambs were nearly completed by the end of April this year.

Marketings of early lambs in April were considerably larger than in April last year. This increase, together with the larger movement of feed-lot lambs, more than offset the decrease in marketings of shorn, grass-fat yearling lambs from Texas. Total shipments of sheep and lambs from Texas in April were more than 40 percent smaller than the record April shipments last year, but included a much larger proportion of spring lambs. Although total receipts of sheep and lambs at Ft. Worth in April were much smaller this year than last, the number of new crop lambs showed an increase of nearly 50 percent.

Shipments of California spring lambs to eastern markets in April totaled about 110,000 head, which, although relatively small, exceeded the very small shipments in April last year. For the week ended May 7, such shipments totaled about 82,000 head, almost twice as many as in the corresponding week a year earlier.

Early lamb season one of most favorable on record

Weather and feed conditions in the principal early producing States during April and early May continued to be unusually favorable for the development of early lambs. Considering all areas, the 1938 season has been one of the most favorable on record for the production of early lambs.

Early lambs marketed before May 1 were generally well above average in weight and quality, and those to be marketed in May and June also are expected to be of high quality. Marketings of early spring lambs in May and June are expected to be relatively large. Although marketings of grass fat lambs and yearlings from Texas during these 2 months probably will be much smaller than the record marketings a year ago, this reduction may not be great enough to offset entirely the prospective increase in marketings of new -crop lambs.

OUTLOOK

With no indications of early material improvement in industrial activity or in the consumer demand for meats, lamb prices are expected to decline at least seasonally during the summer months. Because of the present relatively low level of lamb prices, however, the absolute decline may be somewhat less than average, although the percentage decline probably will be at least as great.

Slaughter supplies of lambs during the summer consist mostly of lambs dropped in February and March, and come largely from the native sheep States, Idaho, and Pacific Coast States. Present indications are that the lamb crop in those areas is larger this year than last, and has generally made better growth than a year ago. Hence, marketings of new-crop lambs this summer probably will be larger than in the summer of 1937, but the number of yearlings to be marketed from Texas is expected to be smaller.

Western ewe bands are generally in very good condition, with favorable prospects for the late lamb crop in the northern area. Texas has a very good crop of lambs that are making good gains.

Lamb prices usually decline during the summer months, and in some years decline further in the early fall, as slaughter supplies of grass fat lambs increase seasonally. If the relative decline in lamb prices during the summer and early fall this year is about equal to the average for that period in most years, prices of grass lambs in the late summer and early fall probably will average somewhat lower than prices of fed lambs at the low point in early February.

WOOL SITUATION ^{1/}

Present indications are that domestic wool prices will remain near present levels in the next few months. While some increase in domestic mill consumption of wool from current low levels is likely to occur in the second half of 1938, wool prices also will be affected by the relatively large supplies of raw wool in the United States and foreign markets.

Stocks of apparel wool held by and afloat to United States dealers and manufacturers totaled 217 million pounds, grease basis, on March 26 and it is estimated that about 22 million pounds of domestic shorn wool remained on ranches and farms and in local warehouses in the 13 Western Sheep States. Stocks were considerably larger than on the corresponding dates of 1936 and 1937 and probably were above the April 1 average stocks of the past 10 years.

As the 1937-38 wool season in the Southern Hemisphere draws to a close it becomes increasingly evident that any decrease in the coming (1938-39) Southern Hemisphere wool clip which might result from droughts now reported in some areas will be offset by a larger carry-over at the end of the current season than a year earlier. Apparent supplies on April 1 in the five principal Southern Hemisphere countries were estimated at about 1 billion pounds and were 35 percent larger than a year earlier and larger than April 1 supplies in any of the 10 preceding years.

The weekly rate of mill consumption of apparel wool in the United States in March was 14 percent lower than in February and 60 percent lower than in March 1937. Consumption of apparel wool in the first quarter of 1938 was the smallest reported for any first quarter in the past 21 years of record. Activity of wool mills in recent months apparently has been much lower than the sales of wool items to consumers, and stocks of finished and semi-finished wool goods have been reduced. In view of the present reduced stocks of manufactured wool goods, some improvement in mill consumption from current low levels is expected within the next few months.

^{1/} From the May issue of the Demand and Price Situation. For a more detailed discussion see the monthly Wool Situation, copies of which may be obtained from the Division of Economic Information, Bureau of Agricultural Economics, Washington, D. C.

Item	Unit	Year			Month			
		Average 1924-33	1936	1937	Apr. average 1924-33	Apr. 1937	Mar. 1938	Apr. 1938
Sheep and lambs:								
Number slaughtered under Federal inspection 1/.....	Thou-sands	14,737	17,216	17,270	1,165	1,334	1,428	1,425
Receipts at seven markets 2/.....	do.	3/15,241	11,892	11,470	3/1,300	888	900	944
Slaughter under Federal inspection:								
Lambs and yearlings:	Thou-							
Number slaughtered:	sands	13,678	15,647	15,912	1,091	1,240	1,326	1,342
Percentage of total sheep and lambs	Percent	92.8	90.9	92.1	94.1	94.5	93.2	94.0
Sheep:	Thou-							
Number slaughgered:	sands	1,059	1,569	1,358	68	72	97	86
Percentage of total sheep and lambs	Percent	7.2	9.1	7.9	5.9	5.5	6.8	6.0
Sheep and lambs:								
Average live wt.	Pound	81	85	85	88	90	91	91
Average dressed weight	do.	39	40	40	41	41	42	42
Total dressed wt.	Mil.lb.	569	630	683	47	54	60	60

3/ Average 1929-33.

Price per 100 pounds of sheep and lambs, by months, February-April,
1936-38

Item	1936			1937			1938		
	Feb.	Mar.	Apr.	Feb.	Mar.	Apr.	Feb.	Mar.	Apr.
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Slaughter lambs, Chicago: <u>1</u> /									
Good and Choice.....	10.00	9.90	10.98	10.33	11.88	12.22	7.46	8.60	8.26
Common and Medium...	9.06	9.04	10.01	8.75	10.59	11.11	6.32	7.11	6.44
Slaughter ewes, Chicago: <u>1</u> /									
Good and Choice.....	4.61	5.36	5.70	5.52	6.62	5.67	3.89	4.76	4.82
Common and Medium...	3.75	4.36	4.63	4.26	5.08	4.17	2.94	3.46	3.41
Feeding lambs, Omaha:									
Good and Choice.....	9.26	8.87	9.05	8.81	10.08	10.20	6.92	7.69	7.21
Average price paid by packers:									
Sheep and lambs.....	8.86	9.39	9.78	9.38	10.99	10.92	7.23	8.27	
Average price received by farmers:									
Sheep	4.29	4.36	4.48	4.45	4.81	4.98	3.61	3.97	3.90
Lambs	8.31	8.10	8.46	8.12	8.83	9.19	6.63	7.35	7.23
Lamb, New York:									
Wholesale carcass: <u>2</u> /									
Choice	17.06	18.19	20.67	16.78	20.28	21.05	15.90	13.33	18.66
Good	16.29	17.65	20.06	15.98	19.35	20.05	14.98	17.69	17.95
Medium	15.42	16.88	19.08	15.12	18.34	18.85	13.91	16.48	16.09
Pulled wool, Boston: <u>3</u> /									
Choice AA	98.9	97.0	93.2	120.0	113.5	113.8	71.4	71.5	72.1
Choice White B	82.0	80.2	78.1	103.5	96.0	98.0	56.2	55.5	56.5
Sheep pelts, packers									
shearlings, No. 1,									
Chicago, each <u>4</u> /.....	1.14	1.08	1.00	1.50	1.21	1.55	0.72	0.65	0.52

1/ With wool on.

2/ Choice and Good, 38 pounds down; Medium, 38 pounds down in 1936 and 1937, all weights in 1938.

3/ Cents per pound.

4/ Bureau of Labor Statistics.